

LCB File No. T032-02

ADOPTED TEMPORARY REGULATION OF THE
NEVADA TAX COMMISSION

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EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted. Regulations 361.104 through 361.132 and 361.144 through 155 are included in this packet, as part of the 10 year review process conducted by the Nevada Tax Commission. Unless an addition or deletion is specifically included, this means the regulation is recommended as it is currently written.

AUTHORITY: NRS 360.090, 360.250

Chapter 361 of NAC is hereby amended by adding thereto a new section to read as follows:

PART M. Depreciation of Improvements.

Section 1. In determining the initial taxable value of an improvement the rate of depreciation is set by law.

Sec. 2. If obsolescence, deterioration or wear and tear causes the taxable value calculated pursuant to Section 1 to exceed the full cash value of the improvements, the additional depreciation and obsolescence may be calculated separately.

GENERAL PROVISIONS

NAC 361.004 Definitions. As used in this chapter, unless the context otherwise requires:

Section 1. “Commission” means the Nevada tax commission.

Sec. 2. “Department” means the department of taxation.

Sec. 3. “Executive director” means the executive director of the department of taxation.

Sec. 4. “Fiscal year” means that period of time from July 1 of one year to and including June 30 of the following year.

EXEMPT PROPERTY

Property Used for Control of Air and Water Pollution

NAC 361.046 (*NRS 360.090, 361.077*) **Examples of facilities, devices to which exemption does not apply.** Examples of facilities and devices to which the exemption from taxation provided by NRS 361.077 does not apply are:

Section 1. A mining operation or the generating facility of an electric utility which, in the treatment of water for reentry into public streams, distills and sells the water at a minor additional cost and offsets the total cost of the treatment and distilling process.

Sec. 2. The installation of pollution control equipment to remove air pollutants from fuel exhausts and better utilize the fuel in manufacturing or industrial plants or where recovery of minerals in mining operations is made possible which results in a lower overall operating expense ratio.

Sec. 3. Facilities or equipment, including blacktop for roadways and parking areas, water trucks and sprinkling systems, which are necessary for the normal operation of the enterprise and which are not specifically exempted by statute or the constitution or which are not required by the appropriate environmental agencies.

NAC 361.048 Application of exemption to additions, modifications of operational devices. If an addition is made to or a modification is made in a device whose primary purpose is operational, but the addition or modification is a “facility, device or method for the control of air or water pollution” as defined in NRS 361.077, the value of the addition or modification, but not the value of the entire device, is exempt from taxation.

NAC 361.050 Affidavits, reports, records required to claim exemption.

Section 1. An affidavit on a form approved by the department for claiming an exemption pursuant to NRS 361.077 must be supplied annually to the county assessor of the county in which the property is located or to the department if the property is of an intercounty or interstate nature as defined in NRS 361.320.

Sec. 2. Owners of property of an interstate nature, as defined in NRS 361.320, shall report only those properties physically located in Nevada.

Sec. 3. The taxpayer shall maintain accurate records which will reflect the additional net revenue to the operation which results from the installation of any equipment for which an exemption is claimed pursuant to NRS 361.077.

Sec. 4. Copies of any orders from regulatory agencies directing the installation of a device or equipment must be submitted upon request to the county assessor or the department.

Qualified Systems for Heating or Cooling

NAC 361.052 (NRS 360.090, 361.079) Determination of value added by qualified system.

Section 1. For the purpose of NRS 361.079, a county assessor may consider value added by a qualified system as the difference between the cost of the building with the qualified system and the cost of a building constructed in a conventional manner without a qualified system and put to the same or a similar use. For example, a building of masonry construction used to provide solar energy may be valued on the basis of frame construction.

Sec. 2. The value added by that portion of a qualified system which is not used for heating or cooling or to provide electricity or is essential to a conventionally built structure, must be included in the assessed value of the building. For example, a qualified system with an enclosed area for a solarium or sun space that is also used as a limited living area may be valued as an enclosed porch if it facilitates the use of solar energy.

NAC 361.054 Form for requesting valuation. A county assessor may provide an appropriate form for the owner of a building to request the valuation of a qualified system. If an owner does not complete such a form, he may not be precluded from appealing the valuation of the building to the county board of equalization.

NAC 361.056 Documentation to determine conformity to standards. A county assessor, a county board of equalization or the state board of equalization may require documentation from the owner of a building who has requested the valuation of a qualified system to determine whether it conforms to the standards established by the department and functions to conserve energy.

NAC 361.058 List of buildings with qualified systems. On or before April 1 of each year, each county assessor shall submit to the department for the preceding year a written list of the buildings in his county which have qualified systems.

NAC 361.062 is hereby amended as follows:

Miscellaneous Provisions

NAC 361.062 (*NRS 360.090, 361.170*) Personal property in transit. Pursuant to NRS 361.170, each claim for an exemption for personal property in transit must be made on a ~~[Nevada tax commission]~~ form ~~[WR-1 or on an equivalent form]~~ approved by the commission. Such a claim must be filed with the office of the county assessor of each county in which a warehouse is located, when the personal property in transit is first consigned to the warehouse and by the first day of July of each year thereafter.

NAC 361.065 is hereby amended as follows:

NAC 361.065 (*NRS 360.090, 361.068*) Consumable tangible personal property purchased by business.

Section 1. All tangible personal property purchased by a business ~~[which is]~~ *and* claimed to be exempt pursuant to paragraph (d) of subsection 1 of NRS 361.068 must be consumed during the operation of the business and must not be intended to become a component part of a manufactured item for sale or lease.

Sec. 2. The personal property for which such an exemption is claimed must be material that is:

(a) Used up, drained, absorbed, dissipated or expended during the normal day-to-day operation of the business;

(b) Characterized by its individual low cost in relation to the other more expensive fixed assets of the business;

(c) Disposable, with a generally useful life of less than 1 year; and

(d) Not meant for resale.

Sec. 3. Tangible personal property consumed by a business to which this exemption applies may include, without limitation, envelopes, pens, copy paper, paper clips, toner, tape, rubber gloves, masks, cyanide, janitorial supplies, bathroom tissue, light bulbs, playing cards, dice, napkins, straws, “doggie bags,” paper bags, wrapping materials, register tape, packaging supplies, invoices, styrofoam, tires or batteries.

Sec. 4. This exemption does not apply to any tangible personal property which is required to be depreciated for federal income tax purposes.

NAC 361.070 (NRS 360.090, 361.099) Certain property leased or rented to University and Community College System of Nevada.

Section 1. Application for an exemption pursuant to NRS 361.099 must be made to the county assessor by June 15 of each year.

Sec. 2. The application must include a copy of the rental agreement and documentation from the lessor that proves that the total consideration for the rental or lease of the property is less than 10 percent of the fair market value of the property. Documentation may include, but is not limited to:

- (a) A copy of the lease of the previous tenants;
 - (b) A copy of the lease or notarized statement from owners of similar or like properties;
- and
- (c) Statements from real estate brokers.

NAC 361.075 is hereby suspended until it can be repealed under permanent regulations:

~~[NAC 361.075 — Property for construction of church or chapel.
1. Application for an exemption pursuant to subsection 3 of NRS 361.125 must be made to the county assessor by June 15 of each year.
2. The application must include:
(a) A copy of the lease agreement of the property presently occupied;
(b) One or more documents of the purchase or gift of the vacant land to be used for a church building; and
(c) A statement indicating that it is the intent of the religious organization to construct a building within the following 3 years.
3. If a church or chapel is not constructed by the end of the third year of exemption or if the property is sold, the exemption is voided and taxes must be paid for the years in which the exemption was claimed.]~~

NAC 361.080 (NRS 360.090, 361.0605) Privately owned park: “Park” interpreted; requirement for exemption.

Section 1. As used in NRS 361.0605, the department shall interpret “park” to mean a detached tract of privately owned real property that is set apart and maintained for public use, generally of quite sizable proportions devoted to purposes of ornamentation and recreation, and usually platted out with trees and ornamented in a way pleasing to the eye as well as furnishing an opportunity for open-air recreation.

Sec. 2. To qualify as a park for the purposes of the exemption provided by NRS 361.0605, a sign which is clearly legible and visible from ground level must be posted at each entrance to the park stating “This park is open to the public for all to use.”

NAC 361.085 “Portable goods and storage sheds and other household equipment” interpreted. (NRS 360.090, 361.069) As used in paragraph (h) of subsection 1 of NRS 361.069, the department shall interpret “portable goods and storage sheds and other household equipment” to include, without limitation:

Section 1. A portable shed which is less than 120 square feet in area and which does not have a foundation;

Sec. 2. A portable carport or aluminum awning which is less than 120 square feet in area and which does not have a foundation;

Sec. 3. A satellite dish that is owned by the owner of the dwelling unit or a person who resides in the dwelling unit;

Sec. 4. Decorative outdoor lighting;

Sec. 5. A freestanding wood stove;

Sec. 6. A portable spa;

Sec. 7. A swamp cooler or air-conditioning unit that is attachable to the window of dwelling units;

Sec. 8. Skirting on a mobile home;

Sec. 9. Portable steps on a mobile home; and

Sec. 10. Portable tubular panels for a corral.

ASSESSMENTS BY COUNTY ASSESSORS
~~[Determination of Taxable Value of Real Property]~~
General Provisions

NAC 361.106 through 361.117 are hereby amended as follows:

NAC 361.106 Definitions. (NRS 360.090, 360.250, ~~[387.1243]~~ 361.227) ~~[As used in NAC 361.106 to 361.132, inclusive, unless the context otherwise requires, the words and terms defined in NAC 361.108 to 361.117, in this section inclusive, have the meanings ascribed to them in those sections.]~~ *As used in this chapter, unless the context otherwise requires:*

Section 1: *“Abstraction or land residual technique” means a method used to estimate the value of property from a knowledge of normal net income, discount rate, remaining economic life of the property, value of the building, income path attributable to the building, and income path attributable to the land. The method estimates total value by discounting the income stream attributable to the land and adding the result to an independent estimate of the value of the building.*

~~[NAC 361.108]~~ **Sec. 2:** ~~[“Actual age” defined.]~~ *“Actual age” means the total number of years from the [date] year of the construction of an improvement to the year of the lien date for the taxes which it affects.*

Sec. 3: *“Allocation method” means a method used to value land, in the absence of vacant land sales, by using a typical ratio of land to improvement value obtained from sales of comparable improved properties. The method is also called the land ratio method.*

Sec. 4: *“Capitalization of ground rents” means the estimation of land value in the absence of comparable sales by capitalizing the revenue from market-rate leases of land.*

Sec. 5: *“Cost of development method” means a method of appraising undeveloped land in which an estimate is made of the probable proceeds to be obtained from selling the land as subdivided, developed parcels less the cost of so developing the raw land.*

Sec. 6: *“Extraction method” sometimes also called “abstraction” means a method of estimating the value of land by subtracting improvement values obtained through a market based cost approach from the sales prices or appraisals of improved parcels, thus yielding residual or remainder land value estimates.*

~~[NAC 361.110]~~ *Sec. 7: [“Cost of replacement” defined.] “Cost of replacement” means the total cost of replacing a property with one which has the same function or use. the estimated cost to construct an improvement with utility similar to the improvement being appraised, using modern materials and current standards, design and layout.*

~~[NAC 361.112]~~ *Sec. 8: [“Depreciation” defined.] “Depreciation” means a [reduction] loss in the value of [a] real or personal property from any cause.*

~~[NAC 361.1125]~~ *Sec. 9: “[Expected absorption period” defined.—“] Expected absorption period” means the length of time within which all the parcels in a qualified subdivision may reasonably be expected to be sold, rented or occupied if they are actively marketed. The period begins on July 1 of the year for which the tax on the parcels is levied and ends on the date determined by the county assessor.*

~~[NAC 361.113]~~ ~~Sec. 10 [：“Improved land” defined.]~~ *“Improved land” means land on which there is an improvement of substantial value in order to identify or establish actual use.*

~~[NAC 361.114]~~ *Sec. 11: [“Improvement” defined.] “Improvement” means all appurtenances erected upon or affixed to the land, including those improvements listed in paragraphs (a) and (b) of subsection 1 of NRS 361.035.*

~~[NAC 361.116]~~ *Sec. 12 [：“Obsolescence” defined.] “Obsolescence” means an impairment to property resulting in the full cash value of the property being less than its taxable value as otherwise computed.*

~~[NAC 361.117]~~ *Sec. 13 [：“Qualified subdivision” defined.] “Qualified subdivision” means a group of parcels meeting the criteria contained in NAC 361.129.*

Determination of Taxable Value of Real Property

NAC 361.118 is hereby amended to read as follows:

NAC 361.118 *Land Valuation Methods*

~~Section 1. [In making a physical appraisal, e]~~ Each county assessor shall determine the full cash value of *vacant and improved* land by ~~[market data or a comparative approach to valuation]~~ *application of the sales comparison approach in which sales prices of similarly situated or comparable properties, appropriately adjusted for differences in physical attributes, market conditions, varying use restrictions including legal restrictions, time of sale and financing terms, are used as evidence of value. As applied to improved land, similarly situated or comparable properties must have the same or similar use.*

~~Sec. 2. [If]~~ *In the event* sufficient market data is not available *to appropriately apply the sales comparison approach*, the county assessor may use *alternative valuation techniques, including, but not limited to, the abstraction or land residual technique; the allocation method; capitalization of ground rents; cost of development method; and the extraction method.* ~~[one of the following procedures:~~

~~1. Allocation (abstraction) procedure: An allocation of the appraised total value of the property between the land and any improvements added to the land.~~

~~2. Anticipated use or development procedure: An estimate of the value of undeveloped land which has the potential for development, determined by deducting from the value of the parcel as fully developed the cost of the development of the site, overhead, the expenses of sales and any profit. The remaining portion is attributable to undeveloped land.~~

~~3. Land residual technique: The income from a property is split between the land and any improvements so that the portion allocated to land can be capitalized into value.]~~

NAC 361.120 is hereby suspended until it can be repealed under permanent regulations:

~~[NAC 361.120 Agricultural land. In determining the full cash value of land actually used for agricultural purposes and not valued pursuant to chapter 361A of NRS, each assessor shall determine separately:~~

~~1. Its valuation for agricultural purposes pursuant to paragraph (b) of subsection 1 of NRS 361.325; and~~

~~2. Its valuation for other purposes, if any, pursuant to subparagraph (1) of paragraph (a) of subsection 1 of NRS 361.227. The assessor shall then apply the higher of the two values so determined.]~~

NAC 361.122 is hereby amended as follows:

NAC 361.122 ~~[Improved Land]~~ *Recognition of Restrictions on Use in the Valuation of Land*

~~[In determining the full cash value of improved land consistently with the use to which the improvements are being put:~~

~~1. If the improvements are being put to a use consistent with the zoning and general use of land in the surrounding area, the value of the land to be appraised must be consistent with the values determined for adjacent land or land similar in location, size, shape and topography.~~

~~2.] *Section 1. [If] In the event* the ~~[improvements]~~ *improved land (subject) [are] is* being put to a use not consistent with the zoning of the land or with the general use of land in the surrounding area, ~~[or both,]~~ the value of the *subject* land ~~[to be appraised must be consistent with the values determined for the nearest land:~~~~

~~(a) Whose improvements are put to the same or a similar use in an area where that use is consistent with the zoning and general use of land in the surrounding area; and~~

~~(b) Which is similar in size, shape, location and topography.] *must be established by considering the values of land most comparable to the subject having the same or similar use of land and affected by the same or similar restrictions.*~~

Sec. ~~[3].~~ **2.** The area of land to be valued according to the use of the improvements is the area actually covered by the improvement, plus the surrounding area necessary to the use of the improvement. Any additional land must be valued as *if* vacant.

Sec. 3. The assessor shall consider any restrictions on use that may affect taxable value as he deems appropriate and based upon available information known to him or information brought to his attention. Restrictions on use may be caused by political, economic, governmental or physical factors including, but not limited to, size, shape, topography, accessibility to other resources, zoning, land use controls, quality of local government services such as roads and schools, social demographics, and the state of national, regional, and local economies affecting the supply of, and demand for, land.

NAC 361.123, 361.1232, 361.1234, and 361.1236 are proposed to be moved to the end of this section for ease of reading, and will be its own subsection.

NAC 361.124 is hereby amended as follows:

NAC 361.124 Determination of actual age. In determining the actual age of:

Section 1. An improvement or newly constructed addition to an existing improvement, the county assessor shall use the actual ~~[date]~~ *year* of construction, if it is available, or else an estimated ~~[date]~~ *year* of construction.

Sec. 2. An improvement that has been constructed over a period of years, the county assessor shall use the weighted average age of the improvement.

NAC 361.126 is hereby suspended until it can be repealed under permanent regulations:

~~[NAC 361.126 (NRS 361.229) Newly constructed additions to existing improvements.
Section 1. In determining the value of a newly constructed addition to an existing improvement, a county assessor shall consider the cost of replacement of the entire improvement.
Sec. 2. In determining the percentage of depreciation of a newly constructed addition to an existing improvement, a county assessor may:
(a) Apply a rate of depreciation to the newly constructed addition and a rate of depreciation to the existing improvement; or
(b) Weight the age or the rate of depreciation for the existing improvement and the newly constructed addition.]~~

NAC 361.127 Replacement of improvements.

Section 1. If the use or quality of an existing improvement is changed by a replacement, the county assessor shall revalue the improvement according to the new use or quality as of the time the replacement occurs.

Sec. 2. Each county assessor who determines the percentage of the replacement made to an improvement:

(a) May use the “Breakdown of Base Cost by Percentage,” as published in the manuals of the Marshall and Swift Publication Company as they existed on October 1 of the year preceding the current assessment year, if the executive director approves it for use by county assessors in determining the value of improvements, or other breakdowns of improvement costs adopted or approved annually by the Nevada tax commission.

(b) Must consider the total replacements made to an improvement which have been accumulated since its construction or the last computation of replacement if one has been made.

3. As used in this section, the term “replacement” includes items of remodeling or renovation which extend the useful life of an improvement, other than those items excluded by the provisions of NRS 361.229.

4. The executive director shall review the “Breakdown of Base Cost by Percentage” as soon as practicable after each manual is published to determine its suitability for use by county assessors. If he finds the manual to be suitable, the executive director shall approve its use and notify each county assessor of that approval.

NAC 361.128 is hereby amended as follows:

NAC 361.128 Costs of improvement and replacement of improvement.

Section 1. The cost of replacement of an improvement must include all costs for labor, materials, supervision, contractor’s profit and overhead, architect’s plans and specifications, sales taxes and insurance.

Sec. 2. In determining the costs of an improvement, the county assessor shall:

(a) For rural buildings, use the standards in the ~~assessor handbook~~ *manual* entitled Rural Building Costs adopted by the commission.

(b) For other improvements, use the standards in the cost manuals, including modifiers of local costs, published through or furnished by the Marshall and Swift Publication Company, as they existed on October 1 of the year preceding the current assessment year, if the executive director approves it for use by county assessors in determining the costs of improvements.

I. A computer program for determining cost furnished by the Marshall and Swift Publication Company may also be used. Other computer programs for determining cost which are based on costs published by the Marshall and Swift Publication Company may be used with the prior approval of the executive director.

Sec. 3 If these manuals are not applicable, the county assessor may use ~~[the]~~ other recognized cost manuals or subscription services with the prior approval of the executive director of the department.

Sec. 4. The executive director shall review the standards and modifiers published or furnished by the Marshall and Swift Publication Company as soon as practicable after they become available, to determine their suitability for use by county assessors. If he finds it to be suitable, the executive director shall approve the use of the standard or modifier and notify each county assessor of that approval.

NAC 361.129 is hereby amended as follows:

NAC 361.129 (NRS 360.090, 360.250, 361.227) Appraisal of parcel as part of qualified subdivision.

Section 1. A parcel must be appraised as provided by paragraph (b) of subsection 2 of NRS 361.227 and NAC 361.1295 if:

(a) It is one of a group of ten or more contiguous parcels held under common ownership on the date of the appraisal;

(b) A final map, or a series of final maps, *or subdivision maps* covering the area containing the parcel has been presented to the county recorder for filing in the manner provided by NRS 278.360 to 278.460, inclusive, or the parcel is assessable property in an improvement district created pursuant to chapter 271 of NRS;

(c) The owner of the parcel provides the county assessor with whatever information the assessor deems necessary to determine the taxable value of the parcel; and

(d) The county assessor determines that the group of parcels affected has an expected absorption period of more than 1 year.

Sec. 2. For the purposes of this section:

(a) The owner of a parcel is the person or entity shown as such in the records of the county recorder.

(b) A parcel is contiguous with other parcels held under common ownership even if it is separated from those parcels:

(1) By an easement, right of way, street, highway or other obstruction; or

(2) By one or more parcels held by third persons, if the parcels so held are in the same phase or section of a development.

(c) A parcel is not contiguous with other parcels held under common ownership, though they share a common boundary, if they are in different phases or sections of a development.

NAC 361.1295 (NRS 360.090, 360.250, 361.227) Taxable value of land within qualified subdivision.

Section 1. In determining the taxable value of land within a qualified subdivision, the county assessor shall use, as he deems appropriate based upon the available information concerning the subdivision:

(a) The full cash value of the subdivision as unimproved land, plus all actual costs of site preparation and on- and off-site improvements;

(b) The selling price of any comparable subdivision or group of parcels, adjusting that price as appropriate to reflect differences between the land sold and the land being appraised; or

(c) The estimated retail selling price of all parcels in the subdivision which are not sold, rented or occupied, reduced by the percentage specified for the expected absorption period of the parcels:

Expected Absorption Period (Years)	Percentage of Reduction
1 - 3	20
4 - 6	30
7 - 9	40
10 or more	50

Sec. 2 The taxable value determined as provided in subsection 1 must be allocated to each parcel in the subdivision which is not sold, rented or occupied according to the size and other characteristics of that parcel.

Sec. 3 The taxable value of any improvements made within a qualified subdivision must be determined as provided by NRS 361.227.

NAC 361.130 is hereby amended as follows:

NAC 361.130 (NRS 360.090, 360.250, 361.244, 361.2445, 361.325) Mobile or manufactured homes.

Section 1. The taxable value of a mobile *or manufactured* home ~~[which constitutes]~~ *constituting* real property is the cost of replacement of the mobile home less depreciation and obsolescence.

Sec. 2. In determining the taxable value of a mobile *or manufactured* home ~~[which constitutes]~~ *constituting* personal property, each county assessor shall, if the mobile *or manufactured* home was sold as new:

(a) Before July 1, 1982, value it at its retail selling price when sold to the original owner less depreciation at 5 percent per year, to a maximum depreciated value of 20 percent of its original retail selling price.

(b) On or after July 1, 1982, value it at replacement cost, when new, less depreciation. Replacement cost when new is the retail selling price to the original owner adjusted by factors reflected in the annual Personal Property Manual.

(c) Depreciation must be calculated pursuant to the schedule located in the annual Personal Property Manual. *Additional depreciation and obsolescence may be calculated separately.*

Sec. 3. The retail selling price of a mobile *or manufactured* home includes all charges for transportation, installation, ~~[and]~~ accessories, *profit and overhead.*

Sec. 4. In the event the owner of a mobile or manufactured home which has been converted to real property desires to convert the mobile or manufactured home back to personal property, the county assessor shall provide a form for the affidavit of conversion, approved by the commission, to the owner to enable the provisions of NRS 361.2445.

Sec. 5. The county assessor must value the mobile or manufactured home as personal property upon completion of the requirements of NRS 361.2445 if the mobile or manufactured home remains in his jurisdiction. The date of conversion shall be the date the affidavit of conversion is recorded.

Sec. 6. The affidavit of conversion may include information about the cost of acquisition.

Sec. 7. The signatures of the owner and each person who holds any legal interest in the real property to which the mobile manufactured home is affixed must be notarized.

NAC 361.1305 is hereby amended as follows:

NAC 361.1305 (NRS 360.090, 360.250, 361.227) Billboards.

Section 1. The taxable value of a billboard is the cost of replacement of the billboard less depreciation and obsolescence.

Sec. 2. The cost of replacement of a billboard must be computed by multiplying the cost of acquisition to the current owner by the appropriate factor located in the annual Personal Property Manual. The factor that corresponds to the year the billboard was acquired must be used. *Additional depreciation and obsolescence may be calculated separately.*

~~[3.—The depreciation of a billboard must be calculated at:~~

~~——(a) For fiscal year 1990-1991, 5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.~~

~~——(b) For fiscal year 1991-1992, 3.5 percent of the cost of replacement for each year after the year of acquisition up to a maximum of 75 percent of the cost of replacement.~~

~~——(c) Beginning with fiscal year 1992-1993, 1.5 percent of the cost of replacement for each year after the date of acquisition up to a maximum of 50 years.]~~

NAC 361.131 is hereby amended as follows:

NAC 361.131 (NRS 360.090, 360.250, 361.227) Taxable value exceeding full cash value.

Section 1. If the initially determined taxable value for any real property is found to exceed the full cash value of the property, the person determining taxable value shall examine the taxable value determined for the land, and if the land is properly valued, he shall appropriately reduce the taxable values determined for the improvements. *If further reduction is necessary, the value of the land may also be reduced.*

Sec. 2. When determining whether the taxable value for any real property exceeds the full cash value of the property, the county assessor may consider any nationally recognized valuation technique.

Contaminated Property

NAC 361.123 is hereby amended as follows:

NAC 361.123 (NRS 360.090, 360.250) Contaminated property: Definitions. As used in NAC 361.123 to 361.1236, inclusive, unless the context otherwise requires:

Section 1. “Contaminated site” means:

(a) Land on which the release of a hazardous substance has been verified pursuant to NAC 361.1232; or

(b) An improvement for which permeation or incorporation into construction by a hazardous substance has been verified pursuant to NAC 361.1232, on or before the assessment date of the property.

Sec. 2. “Cost-to-cure” means the ~~discounted~~ present value of the remedial work *to be* performed to remove, contain or treat a hazardous substance on the property being valued. The term includes the cost of continued monitoring of the site after the remedial work has been completed if such monitoring is required.

Sec. 3. “Hazardous substance” means a hazardous material or hazardous waste as those terms are defined in NRS 459.428 and 459.430, respectively.

NAC 361.1232 Contaminated property: Burden of proof; documentation required.

Section 1. The burden of proving that property has been contaminated and documenting the proof of contamination to support a possible reduction of the assessed value of the property lies with the owner of the property.

Sec. 2. To verify the release of a hazardous substance on land or the permeation or incorporation into the construction of an improvement by a hazardous substance, the owner of the property must:

(a) Submit reliable, objective information, such as an engineering study, environmental audit, laboratory report or historical record, which proves to the satisfaction of the assessor that a hazardous substance has been released on the land or has permeated or been incorporated into the construction of an improvement;

(b) Show that the release, permeation or incorporation was reported to an appropriate governmental agency such as the National Response Center or the state department of conservation and natural resources; and

(c) Provide sufficient data to the assessor to indicate the status of a proposed or ongoing cleanup plan.

Sec. 3. To document the proof of contamination to support a possible reduction of the assessed value of the property, the owner of the property must submit to the assessor:

(a) A list of available comparable sales of similarly contaminated property, if any;

(b) Any pertinent information concerning the cleanup of the hazardous substance; and

(c) Where there is an existing business operating on the contaminated site, records of income and expense necessary to allow the assessor to estimate the value of the real property, as if uncontaminated, by the income approach.

NAC 361.1234 is hereby amended as follows

NAC 361.1234 Contaminated property: Determination of full cash value. In determining, pursuant to NRS 361.227, the full cash value of property that has been determined by the assessor to be a contaminated site:

Section 1. The sales comparison approach may be used by comparing verified sales of similarly contaminated sites;

Sec. 2. Where applicable, the income approach may be used by utilizing rent, vacancy and expense data derived from a survey of similarly contaminated sites with similarly used improvements; or

Sec. 3. Where no sales or rental market exists for similarly contaminated properties ~~†~~
~~(a) The [cash]~~ value of the property for a specific use, or a specific user, reflecting the extent to which the property contributes to the utility or profitability of the enterprise of which it is a part may be determined by using the income approach, *not to exceed full cash value*; or

(b) The present worth of the contaminated site may be determined by:

(1) Discounting the present worth of the property if it was contaminated by an off-site source or the cost-to-cure is not being borne by the current owner, or both, on the basis of the length of the delay caused by the contamination until the property can be developed to its highest and best use, readily sold or financed on the open market; or

(2) Using the present cash equivalency which represents the future reversionary value of the contaminated site after it is cleaned up to an extent that it is usable or developable to its highest and best use less the present worth of the yearly costs-to-cure if the current owner is incurring the remedial costs and an accurate forecast of the year-to-year costs to be incurred and the estimated date of the completion of the cleanup are available.

NAC 361.1236 Contaminated property: Annual review. The assessor shall review annually the assessment of any property which has been valued as a contaminated site pursuant to NAC 361.123, 361.1232 and 361.1234 to ensure that the remedial work, if any, is being performed as scheduled and to verify the actual yearly cost-to-cure.

NAC 361.1315 Adjustment in apportionment for school district. (NRS 360.090, 360.250, 387.1243)

Section 1. To determine if a school district is eligible to receive an adjustment in apportionment pursuant to subsection 2 of NRS 387.1243, each county assessor shall, on or before March 15 of each year, submit a report to the department on a form provided by the department. The report must include the:

(a) Value of all possessory interest of property in the county that is subject to taxation pursuant to NRS 361.157 and 361.159;

(b) Value of such property for the current fiscal year;

(c) Amount of taxes that are due on the property; and

(d) Amount of taxes that have been paid for the current fiscal year.

A copy of the report must be provided to the county treasurer.

Sec. 2. After receipt of the report required by subsection 1, the department will verify, in cooperation with the county treasurer, the amount of property taxes paid and the amount of anticipated shortfall in property taxes on any leasehold interest, possessory interest, beneficial interest or beneficial use on property that is owned by the Federal Government and subject to taxation pursuant to NRS 361.157 and 361.159. On or before April 15 of the year in which the taxes are due, the department will provide certification of the amount of such anticipated shortfall to the department of education.

Sec. 3. If the delinquent taxes are paid after the report required by subsection 1 is made, the county treasurer shall report the date and amount of payment to the department within 10 days after the payment is made. The department will report the amount of the payment to the department of education to facilitate repayment by the school district in accordance with subsection 2 of NRS 387.1243.

NAC 361.132 is hereby suspended until it can be repealed under permanent regulations:

~~[NAC 361.132—Reference material.
1. A copy of the tables of typical life expectancies and the manuals of costs published through the Marshall and Swift Publication Company may be obtained from:
Marshall and Swift Publication Company
1617 Beverly Boulevard
Los Angeles, California 90026
2. The costs of these tables and manuals are:
Marshall Valuation Service—\$86
Residential Cost Handbook—39]~~

Report

NAC 361.144 is hereby amended as follows:

NAC 361.144 (NRS 360.090, 360.250, 361.260) Areas of appraisal for cycle of reappraisal.

Section 1. Each county assessor shall:

(a) Establish geographic boundaries for areas of appraisal or establish areas by other classifications within which all property must be reappraised at the same time; and

(b) Establish ~~[as of January 1 of]~~ **no later than July 1 of** each year the standards of valuation, including data on comparable sales, modifiers of local cost, **and** costs of construction ~~[and rates of capitalization]~~ to be used throughout the year's cycle of reappraisal.

Sec. 2. These areas of appraisal may be changed to alleviate problems created by growth or other circumstances if the county assessor shows good cause and receives the approval of the commission.

NAC 361.146 is hereby amended as follows:

NAC 361.146 (NRS 360.090, 360.250, 361.260) Records of reappraisals. Whenever property is ~~[physically]~~ reappraised, the county assessor shall indicate all the data necessary to determine the taxable value of the property, the date of the field inspection **if any** and the identity of the appraiser. The actual age and the depreciation of the existing improvements and any additions to those improvements must be clearly indicated.

NAC 361.149 is hereby suspended until it can be repealed under permanent regulations:

~~[NAC 361.149—Time for assessing property under construction and mobile homes.
1. Each year the county assessor may assess real property which is under construction as of July 1 of the year preceding the fiscal year for which taxes are levied, either upon the secured or unsecured rolls for that fiscal year.]~~

~~2. Mobile homes which are not migratory property and which enter the county on or after July 1 of each year must be assessed upon the unsecured roll of the next ensuing fiscal year.]~~

NAC 361.150 (NRS 360.090, 360.250, 361.260) Report of appraisals by county assessor. Each county assessor shall file with the department on or before April 1 of each year a report which includes:

Section 1. A statement of the appraisals accomplished in the previous year beginning January 1 and ending December 15, including:

- (a) The total number of parcels that were reappraised;
- (b) The total number of parcels with newly constructed improvements to realty, not including additions to existing improvements and newly subdivided parcels that were appraised;
- (c) The total number of all taxable parcels in the county; and
- (d) The areas of the county that were reappraised.

Sec. 2. A statement of what the county assessor proposes to appraise in the following year, including:

- (a) An estimate of the percentage of all parcels in the county that the proposed reappraisals represent; and
- (b) The areas of the county that he proposes to reappraise.

Sec. 3. A list of the areas of appraisal, encompassing all property in the county, which were used in the prior 5-year cycle of reappraisal and a statement of the areas which were appraised in each year of that cycle.

NAC 361.151 (NRS 360.090, 360.250) Statement of valuation of property sold. On or before April 1 of each year, each county assessor shall furnish to the department a statement of the valuation of real property which was sold in his county in the preceding calendar year. The statement must include:

Section 1. The date of each sale;

Sec. 2. The parcel number or a description of the real property sold;

Sec. 3. The sales price; and

Sec. 4. The method used to verify the sales price.

NAC 361.152 is hereby amended as follows:

NAC 361.152 (NRS 360.090, 360.250, 361.300) Publication of assessment lists.

Section 1. ~~[An assessment list]~~ *The assessment list may be published in a newspaper [by a county assessor pursuant to subsection 3 of NRS 361.300 must include:] or it the list may be separately printed and delivered through the U.S. mail to each taxpayer residing in the county served by the county assessor. Copies must be made available to any other taxpayer owning property in the county upon request. The assessment list must include:*

- (a) The parcel number of each property;
- (b) The name of the owner of each property;
- (c) The year of the last ~~[physical]~~ reappraisal of each property at which time the taxable value of the property was determined; and
- (d) The assessed value of the land, improvements and personal property, separately stated.

Sec. 2. The county assessor shall submit a copy ~~[of the newspaper in which the assessment list is published to the department immediately following publication]~~ *of the assessment list to the department immediately following publication or delivery to the taxpayer.*

NAC 361.154 (NRS 361.333) Assessment roll: Filing; order of entries.

Section 1. The assessment roll filed with the secretary of the state board of equalization must include:

- (a) The parcel number of each property;
- (b) The name of the owner of each property;
- (c) A code for each property designating its category as prescribed by the department;
- (d) The year of the last physical reappraisal of each property at which time the taxable value of the property was determined; and
- (e) The assessed value of the land, improvements and personal property, separately stated.

Sec. 2. When feasible and appropriate, the entries on the assessment roll must be in order by parcel number, not alphabetically by the name of the owner.

NAC 361.155 (NRS 360.090, 360.250, 361.483) Billing of real property on unsecured roll. Any billing sent to the owner of real property assessed upon the unsecured roll must include:

Section 1. The total taxes due for the year;

Sec. 2. The amount of the tax which is due as of the next date for payment if the tax is paid in quarterly installments; and

Sec. 3. A statement advising the owner of such property that payment may be made in:

- (a) One total payment; or
- (b) One payment which includes the quarterly installments that are due and equal quarterly installments for the remaining quarters.

NOTICE OF ADOPTION OF TEMPORARY REGULATION
LCB File No. T032-02

The Nevada Tax Commission adopted temporary regulations pertaining to Chapter 361, Property Tax, of the Nevada Administrative Code on December 6, 2002. A copy of the regulations as adopted is attached hereto.

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by sending notices of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/Hearing</u>	<u>Date</u>	<u># Notified</u>	<u>#Representing Bus.</u>
7-12-02	Workshop	7-30-02	385	291
8-06-02	Workshop	8-21-02	591	497
8-08-02	Hearing	9-09-02	465	371
9-17-02	Workshop	10-3-02	673	579
10-10-02	Workshop	10-29-02	496	402
11-01-02	Hearing	12-6-02	549	455

The mailing list included the interested parties list maintained by the Department, as well as centrally assessed taxpayers, mine operators, and officials of local jurisdictions subject to these regulations.

Many oral and written comments were received, particularly with regard to amendments to NAC 361.106 through 361.122; 361.1295; and the deletion of NAC 361.075. At the hearing held on September 9, 2002, the Commission remanded the proposed language in NAC 361.004 through 361.132 and 361.144 through 361.155 to the Department for additional workshops, which were subsequently held in October. New consensus language was presented to the Commission and adopted by it on December 6, 2002. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 687-4841 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at mmjacobs@govmail.state.nv.us.

2. The number of persons who:

(a) Attended and testified at each workshop:

	<u>Attended</u>	<u>Testified</u>
July 30, 2002	11, including 1 NTC member	11
August 21, 2002	20	12
October 3, 2002	12	7
October 29, 2002	22	15

(b) Attended and testified at each hearing on adoption:

	<u>Attended</u>	<u>Testified</u>
9-09-02		
Members of the Commission	6	
Members of the public	35	9
12-6-02		
Members of the Commission	6	
Members of the public	47	4

(c) Submitted to the agency written comments: 10

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

The regulations present no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public, and none can be quantified. Nevertheless, approximately 75% to 85% of the notices were sent to individuals or associations representing business.

The Nevada Mining Association, Nevada Taxpayers Association, and certain individuals representing centrally assessed properties commented on portions of the regulations, particularly with regard to the valuation methodologies for land and improvements used by county assessors. Members of the Nevada Assessors Association commented on all of the proposed language changes.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 687-4841 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at mmjacobs@govmail.state.nv.us

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The regulations as proposed were adopted primarily to conform to changes in the Nevada Revised Statutes; to update appraisal practices with current appraisal literature; or to better clarify the appropriate appraisal or assessment procedure.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

(a) Both adverse and beneficial effects; and

The adopted regulations present no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public. It is anticipated the regulations promote and enhance the efficient and fair appraisal and assessment of land and improvements by county assessors.

(b) Both immediate and long-term effects.

The proposed regulations present no reasonably foreseeable or anticipated immediate or long-term economic effects to businesses or to the general public.

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Department anticipates the little, if any, additional cost to administer the regulations.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are no other state or government agency regulations that the adopted amendments duplicate.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

There are no federal regulations regarding the appraisal and assessment of property, or with the certification of appraisers, for state property tax purposes with which these regulations comply.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

These regulations do not provide or involve a new fee; therefore there is no total annual amount the Department expects to collect or use.